



CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

2024FY

Coal Energy S.A.

2024FY

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STATEMENT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES

To the best of our knowledge, the consolidated financial statements as of 30 June 2024 of Coal Energy S.A. (the "Group") which have been prepared in accordance with the International financial reporting standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of both Coal Energy S.A. and its subsidiaries included into the Group, and the management report includes a fair review of the development and performance of the business and the position of both Coal Energy S.A. and its subsidiaries included into the Group together with a description of the principal risks and uncertainties they faced for the year ended 30 June 2024 as required under article 3(2)c) of the Transparency Law.

While preparing the consolidated financial statements, the Board of Directors bears responsibility for the following issues:

- selection of the appropriate accounting policies and their consistent application;
- making judgments and estimates that are reasonable and prudent;
- adherence to IFRS principles, with disclosure of all material departures from IFRS in the consolidated financial statements;
- preparation of the consolidated financial statements on the going concern basis.

The Board of Directors confirms that it has complied with the above mentioned principles in preparing the consolidated financial statements of the Group.

The Board of Directors is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group;
- taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- establishing for such internal controls is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

On behalf of the Board of Directors:

Directors A:

Chairman of the Board of Directors
Viktor Vyshnevetsky

Business Development Director
Oleksandr Rezn

Independent Non-executive Director
Arthur David Johnson

Directors B:

Independent Non-executive Director
Diyor Yakubov

Luxembourg, 02 June 2025

MANAGEMENT REPORT

Management of the Group hereby presents the consolidated financial statements for the year ended 30 June 2024.

1. Results and developments during the year ended 30 June 2024

For the year ended 30 June 2024, the Group's recorded EBITDA loss amounted USD 559 thousand (EBITDA loss for the year ended 30 June 2023 USD 1,914 thousand). After depreciation, amortization, finance costs, finance income and taxation, net loss for the year ended 30 June 2024 was USD 2,130 thousand (net loss for the year ended 30 June 2023 - USD 13,690 thousand).

Board of Directors decided to sell the mining operations in Ukraine which are presented in the consolidated financial statements as assets held for sale and discontinued operations.

2. Future developments of the Group

The Group has optimized internal reserves and considered remaining options for funding its operations to cover liquidity needs in the environment of the continued war in Ukraine. The Group has also started service activities in Poland related to coal mining and land reclamations and processing.

3. Activity in the field of research and development

The Group is not involved in any activity in the field of research and development.

4. Own shares

During the year ended 30 June 2024, the Group and its affiliates have not repurchased shares of Coal Energy S.A.

5. Group's internal control

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of the Group are made in accordance with authorizations of Group's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Risk Management


The Group has implemented policies and procedures to manage and monitor financial market risks. Financial market activities are overseen by the CFO and the Group Management Board.

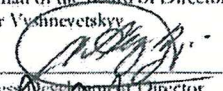
All financial market risks are managed in accordance with the treasury and financial risk management policies, as described in Note 27 as well as exposure to each category of risks.

The Group does not use hedging derivatives accounting.

On behalf of management:

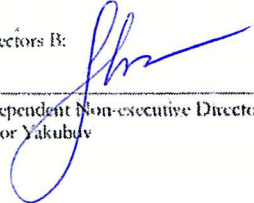
Directors A:


Chairman of the Board of Directors
Viktor Vashnevsky


Business Development Director
Aleksandr Babin


Independent Non-executive Director
Arthur David Johnson

Directors B:


Independent Non-executive Director
Diyor Yakubov

Luxembourg, 02 June 2025

Coal Energy S.A.

Société anonyme
Registered address: 33 rue du Puits Romain, L-8070 Bertrange, Luxembourg,
the Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 154144
(the "Company")

CORPORATE GOVERNANCE STATEMENT

Directors:

| Name | Date of Appointment | Date of Resignation |
|-----------------------------------|---------------------|---------------------|
| Viktor Vyshnevskyy – Director A | 17 May 2011 | - |
| Oleksandr Reznik – Director A | 17 May 2011 | - |
| Arthur David Johnson – Director A | 10 June 2011 | - |
| Dmytro Yakubov – Director B | 1 August 2016 | - |

Audit Committee:

| Name | Date of Appointment | Date of Resignation |
|-----------------------------------|---------------------|---------------------|
| Oleksandr Reznik – Director A | 17 May 2011 | - |
| Ihor Nikitenko | 16 Mar 2019 | - |
| Arthur David Johnson – Director A | 10 June 2011 | - |

The Board of Directors (the "Board") states its application of Warsaw Stock Exchange corporate governance rules included in the "Code of Best Practice for WSE Listed Companies" to the form and extent determined by the Resolution No. 13/1834/2021 dated 29 March 2021. The code of Best Practice for WSE Listed Companies is available at the official website of the Warsaw Stock Exchange: gpw.pl/best-practice2021.

The Board is responsible for establishing and maintaining adequate internal and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

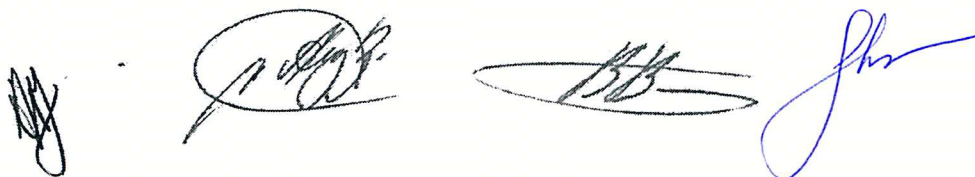
The Board has established processes regarding internal control and risk management systems to ensure the effective oversight of the financial reporting process. These include appointing an independent administrator (the "Administrator") to maintain the accounting records of the Company independent of Coal Energy S.A. The Administrator has a duty of care to maintain proper books and records and prepare for review and approval by the Board the financial statements intended to give a true and fair view. The Board has appointed Wetrust Luxembourg S.A. as Administrator.

The Board is responsible for assessing the risk of irregularities caused by fraud or error in financial reporting and ensuring that the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

The Board maintains control structures designed and aimed at managing the risks, which are significant for internal control over financial reporting. These control structures include segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

The Group's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

There are no restrictions on voting rights.



COAL ENERGY S.A.

Consolidated Financial Statements for the year ended 30 June 2024

(all amounts in USD thousand, unless otherwise stated)

The Group's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of financial records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the assets of the Company; provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with Luxembourg legal and regulatory requirements, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposals of the Company's assets that could have a material effect on the financial statements.

In order to ensure, that established controls over financial reporting system worked effectively during the year ended 30 June 2024, a summary of the work performed by the internal audit department was reviewed by the Audit Committee.

No person has any special rights of control over the Company's share capital.

Appointment and replacement of Directors and amendments to the Articles of Association

Regarding the appointment and replacement of Directors, the Company is governed by its Articles of Association (hereafter referred as the "Articles of Association") and Luxembourg Companies Law 1915. The Articles of Associations may be amended from time to time by a general meeting of the shareholders under the quorum and majority requirement provided for by the law of 10 August 1915 on commercial companies in Luxembourg, as amended.

Powers of Directors

The Board is responsible for managing the business affairs of the Company within the clauses of the Articles of Association. The Directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 9 of Articles of Association.

Rights of the shareholders

The operation of the shareholders meetings and their key powers, description of their rights is governed by Articles of Association and national laws and regulation.

Transfer of shares

Transfer of shares is governed by Articles of Association of the Company.

On behalf of management:

Directors A:

Chairman of the Board of Directors
Viktor Vyshnevetsky

Business Development Director
Oleksandr Bezukh

Independent Non-executive Director
Arthur David Johnson

Director B:

Independent Non-executive Director
Diyor Yakubov

Luxembourg, 02 June 2025

COAL ENERGY S.A.
Consolidated Financial Statements for the year ended 30 June 2024
(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|------|----------------------------|--|
| CONTINUING OPERATIONS | | | |
| Revenue | 6 | 2,466 | 760 |
| Cost of sales | 7 | (1,678) | (896) |
| GROSS PROFIT/(LOSS) | | 788 | (136) |
| General and administrative expenses | 8 | (520) | (165) |
| Other operating income/(expenses), net | 9 | (562) | 355 |
| Recovery/(impairment) of financial assets | | (265) | (643) |
| OPERATING PROFIT/(LOSS) | | (559) | (589) |
| Other non-operating income/(expenses), net | | (1) | 4 |
| Finance income | 10 | 173 | 10 |
| Finance expenses | 11 | (665) | (768) |
| Acquisitions of subsidiaries | 29 | 53 | |
| Disposals of subsidiaries | 30 | | (65) |
| PROFIT/(LOSS) BEFORE TAX | | (999) | (1,408) |
| Income tax benefit/(expenses), net | 12 | (988) | (1,751) |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | (1,987) | (3,159) |
| DISCONTINUED OPERATIONS | | | |
| Profit/(loss) from discontinued operation, net of tax | 13 | (143) | (10,531) |
| NET PROFIT/(LOSS) | | (2,130) | (13,690) |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO: | | | |
| Equity holders of the parent | | (2,136) | (13,574) |
| Non-controlling interests | | 6 | (116) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| Disposals of subsidiaries | 30 | | (335) |
| Effect of currency translation | | 236 | (1,950) |
| TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) | | 236 | (2,285) |
| DISCONTINUED OPERATIONS | | | |
| Effect of currency translation from discontinued operation | | 1,240 | 938 |
| TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) | | 1,476 | (1,347) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) | | (654) | (15,037) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO: | | | |
| Equity holders of the parent | | (682) | (14,951) |
| Non-controlling interests | | 28 | (86) |
| EARNINGS PER SHARE | | | |
| Weighted average number of ordinary shares | | 45,011,120 | 45,011,120 |
| BASIC PROFIT/(LOSS) PER ORDINARY SHARE (USD cents) | 14 | (4.73) | (30.41) |
| BASIC PROFIT/(LOSS) PER ORDINARY SHARE FROM CONTINUING OPERATIONS (USD cents) | 14 | (4.41) | (7.02) |

Basic profit/(loss) per ordinary share is equal to diluted profit/(loss) per ordinary share.

Notes on pages 11 to 34 are an integral part of these consolidated financial statements.

COAL ENERGY S.A.
Consolidated Financial Statements for the year ended 30 June 2024
(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 June 2024 | 30 June 2023 (restated)(1) | 1 July 2022 (restated)(1) |
|--|------|-----------------|-------------------------------|------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 15 | 18 | - | 9,227 |
| Intangible assets | | - | - | 103 |
| Right-of-use assets | 21 | - | - | 3,974 |
| Financial assets | | 13 | - | 872 |
| | | <u>31</u> | <u>-</u> | <u>14,176</u> |
| Current assets | | | | |
| Inventories | 16 | 2 | - | 2,076 |
| Trade and other receivables | 17 | 562 | 1,300 | 1,978 |
| Prepayments and prepaid expenses | | 32 | - | 1 |
| Other taxes receivables | | 10 | - | 653 |
| Cash and cash equivalents | 18 | 525 | 5 | 3 |
| | | <u>1,131</u> | <u>1,305</u> | <u>4,711</u> |
| TOTAL ASSETS | | <u>1,162</u> | <u>1,305</u> | <u>18,887</u> |
| EQUITY | | | | |
| Share capital | | 450 | 450 | 450 |
| Share premium | | 77,578 | 77,578 | 77,578 |
| Retained earnings | | (84,786) | (82,650) | (69,076) |
| Currency translation reserve | | (663) | (899) | (6,358) |
| Currency translation reserve related to operations held for sale | | (5,604) | (6,822) | - |
| Equity attributable to equity holders of the parent | | <u>(13,025)</u> | <u>(12,343)</u> | <u>2,594</u> |
| Non-controlling interest | | (201) | (229) | (129) |
| TOTAL EQUITY | | <u>(13,226)</u> | <u>(12,572)</u> | <u>2,465</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Lease liabilities | 21 | - | - | 2,085 |
| Defined benefit obligation | 22 | - | - | 623 |
| Provisions | 23 | - | - | 1,042 |
| Deferred tax liabilities | 12 | - | - | 193 |
| | | <u>-</u> | <u>-</u> | <u>3,945</u> |
| Current liabilities | | | | |
| Loans and borrowings | 20 | 529 | 864 | 934 |
| Lease liabilities | 21 | - | - | 409 |
| Defined benefit obligation | 22 | - | - | 1,197 |
| Trade and other payables | 24 | 640 | 384 | 5,698 |
| Income tax payables | 12 | 5,178 | 4,294 | 2,542 |
| Other tax payables | 25 | 341 | - | 1,697 |
| Liabilities directly associated with the assets held for sale | 13 | 7,700 | 8,335 | - |
| | | <u>14,388</u> | <u>13,877</u> | <u>12,477</u> |
| TOTAL LIABILITIES | | <u>14,388</u> | <u>13,877</u> | <u>16,422</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,162</u> | <u>1,305</u> | <u>18,887</u> |

(1) The 2022 and 2023 data have been restated for the reasons stated in Note 31.

Notes on pages 11 to 34 are an integral part of these consolidated financial statements.

COAL ENERGY S.A.
Consolidated Financial Statements for the year ended 30 June 2024
(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to equity holders of the parent | | | | | Non-controlling interest | Total equity |
|--|---|---------------|-------------------|------------------------------|--|--------------------------|--------------|
| | Share capital | Share premium | Retained earnings | Currency translation reserve | Currency translation reserve related to operations held for sale | | |
| Position at 1 July 2022 (before restatement) | 450 | 77,578 | (1,532) | (73,902) | - | (129) | 2,465 |
| Effect of restatement of comparative data | - | - | (67,544) | 67,544 | - | - | - |
| Position at 1 July 2022 (restated) | 450 | 77,578 | (69,076) | (6,358) | - | (129) | 2,465 |
| Profit/(loss) for the year (restated) | - | - | (13,574) | - | - | (116) | (13,690) |
| Other comprehensive income/(loss) (restated) | - | - | - | (1,042) | - | 30 | (1,012) |
| Disposal of subsidiaries | - | - | - | (335) | - | - | (335) |
| Equity reclassifications | - | - | - | 14 | - | (14) | - |
| Reclassification due to discontinued operations | - | - | - | 6,822 | (6,822) | - | - |
| Position at 30 June 2023 (restated) | 450 | 77,578 | (82,650) | (899) | (6,822) | (229) | (12,572) |
| Profit/(loss) for the year | - | - | (2,136) | - | - | 6 | (2,130) |
| Other comprehensive income/(loss) | - | - | - | 236 | - | - | 236 |
| Effect of currency translation from discontinued operation | - | - | - | - | 1,218 | 22 | 1,240 |
| Position at 30 June 2024 | 450 | 77,578 | (84,786) | (663) | (5,604) | (201) | (13,226) |

Notes on pages 11 to 34 are an integral part of these consolidated financial statements.

COAL ENERGY S.A.
Consolidated Financial Statements for the year ended 30 June 2024
(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|------|----------------------------|--|
| OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax from continuing operations | | (999) | (1,408) |
| Profit/(loss) before tax from discontinued operations | 13 | (143) | (10,641) |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation and amortization expenses | | - | - |
| Finance income | 10 | (173) | (10) |
| Finance expenses | 11 | 665 | 768 |
| Impairment of prepayments made | 9 | - | (58) |
| Accounts payable write-off | 9 | - | (340) |
| Impairment/(recovery) of financial assets | | 265 | 1,273 |
| Impairment loss recognised on the remeasurement to fair value less costs to sell | 13 | 98 | 8,535 |
| Loss/(gain) from operational exchange differences | 9 | 562 | 72 |
| Acquisitions of subsidiaries | 29 | (53) | - |
| Disposals of subsidiaries | 30 | - | 65 |
| | | 222 | (1,744) |
| Working capital adjustments: | | | |
| Changes in trade and other receivables | | 231 | (3,180) |
| Changes in prepayments made and prepaid expenses | | (44) | 58 |
| Changes in trade and other payables | | (189) | 4,954 |
| Changes in tax balances | | (49) | (86) |
| | | 171 | 2 |
| Income tax paid | 12 | (99) | - |
| Net cash flow from operating activity | | 72 | 2 |
| INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | | (18) | - |
| Issuing of loans | | (13) | - |
| Net cash acquired with subsidiaries | 28 | 494 | - |
| Net cash flow from investing activity | | 463 | - |
| FINANCING ACTIVITIES | | | |
| Repayment of loans and borrowings | | - | - |
| Net cash flow from financial activity | | - | - |
| NET CASH FLOWS | | | |
| | | 535 | 2 |
| Cash and cash equivalents at the beginning of the period | 17 | 5 | 3 |
| Foreign exchange differences on cash | | (6) | - |
| Effect of translation into presentation currency | | (9) | - |
| Cash and cash equivalents at the end of the period | 17 | 525 | 5 |

Notes on pages 11 to 34 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

1.1. Information about the Group

For the purposes of these consolidated financial statements, Coal Energy S.A. ("Parent company") and its subsidiaries have been presented as the Group as follows:

| Parent company and its subsidiaries | Country of incorporation | Group shareholding, % as of | |
|---|--------------------------|-----------------------------|--------------|
| | | 30 June 2024 | 30 June 2023 |
| Coal Energy S.A. | Luxembourg | Parent | Parent |
| Nertera Investments Limited | Cyprus | 100.00 | 100.00 |
| Coal Energy Trading Limited | British Virgin Islands | - | 100.00 |
| CwAL LE "Mine St.Matrona" | Ukraine | 99.00 | 99.00 |
| Perspective resources LLC | Ukraine | 100.00 | 100.00 |
| Ukrmineral Trading LLC * | Ukraine | 100.00 | - |
| Advanced Industrial Technologies LLC ** | Poland | 100.00 | - |
| Greentech Solutions Sp. z o.o. *** | Poland | 50.00 | - |

The parent company, Coal Energy S.A., was incorporated in Luxembourg as a joint stock company on 17 June 2010 and is listed on the Warsaw Stock Exchange. The registered office is located at 33 rue du Puits Romain, L-8070 Bertrange, Luxembourg and the Company number with the Registre de Commerce is B 154144. The principal activities of the Group are coal mining, coal beneficiation, waste dumps processing, and sales of marketable coal. The major production facilities are located in the Donetsk region of Ukraine.

* As of 15 December 2023, the Group has acquired a new subsidiary – Ukrmineral Trading LLC with the main purpose of obtaining licenses for the mining of mineral resources in Ukraine.

** As of 21 December 2023, the Group has acquired a new subsidiary – Advanced Industrial Technologies Sp. z.o.o. with the main purpose of providing underground mining services to coal mines in Poland.

*** As of 25 January 2024, the Group jointly has incorporated a new entity – Greentech Solutions Sp. z.o.o, with the main purpose of reclamation and processing of industrial rock dumps and mine waste dumps, as well as the reclamation of lands disturbed by man-made activities. The Company did not start any activities at the date of these financial statements.

As of 11 March 2024, the Group renamed CwAL LE "Mine St.Matrona Moskovskaya" as CwAL LE "Mine St.Matrona".

1.2. Operating environment

The Group's operations are located in both Ukraine and Poland.

As of 24 February 2022, the Russian Federation launched a large-scale military invasion of Ukraine. Russian missiles began to hit locations across Ukraine. Russian ground forces entered the country. Ongoing military actions caused significant destruction of infrastructure, migration of the population and disruption of economic activity in Ukraine.

During the year ended 30 June 2024, Ukrainian hryvnia officially devalued by 11% against USD. The National Bank of Ukraine decreased key policy rate from 25% down to 13% and started cancelling numerous of previously issued currency and monetary restrictions due to moderate stabilization of foreign exchange market and inflation rates.

The Polish economy has weathered global and regional external shocks thanks to a well-diversified economic structure, integration into regional value chains, a commitment to macroeconomic stability, a sound financial sector, and domestic labor markets that have supported significant wage growth and private consumption, feeding into long-term poverty reduction and median income growth. The crises have weakened the fiscal stance, and the energy crisis resulting from the invasion of Ukraine has led to a sharp increase in inflation which reduced the purchase power of households and has started to weigh down on growth.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

The preparation of the consolidated financial statements in accordance with International Financial Accounting Standards (IFRS) as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying of the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements are presented in thousands of USD, unless otherwise stated.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Going concern

These consolidated financial statements are prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

During the year ended 30 June 2024, the Group recorded USD 1,987 thousand of net loss from continuing operations (during the year ended 30 June 2023, the Group recorded a net loss of USD 3,159 thousand).

The Group suspended the operational activities of CwAL LE "Mine St.Matrona" since the full-scale war actions in Ukraine. At the date of publication of these consolidated financial statements, Ukrainian activities are under direct war actions in Donetsk region. Military actions are now occurring near by CwAL LE "Mine St.Matrona" mine, and the Group lost access to all related physical assets and facilities, documents and other information located at the site. Consequently, the Group has no current information on the status of events and conditions there.

CwAL LE "Mine St.Matrona" has significant debt amounting to USD 7,700 thousand and classified as held for sales as of 30 June 2024.

Nertera Investments Limited has a potential risk of tax liability that has been estimated and recorded as of June 30, 2024.

The above-mentioned factors have raised significant doubts on the Group's ability to continue as a going concern. Management has decided on the disposal of CwAL LE "Mine St.Matrona" which occurred in post-closing period. (note 32)

The Group has started its activity in Poland and achieved sufficient financial results on its Polish subsidiary, providing services to the Polish coal companies, which is becoming the main source of the Group's financing – further income and respective cash inflows will cover operation needs of the Group.

The Group will continue to expand its activity through other acquisitions.

2.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the parent company has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities, contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income. Costs incurred in connection with the purchase of subsidiaries are recognized as expenses.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Subsequent to the loss of control of a subsidiary the value of the remaining shares are revalued at fair value that influences the amount of income/loss from the disposal.

Before 30 June 2010, the Parent company did not have direct or indirect ownership interest in consolidated entities included in the consolidated financial statements. The pooling of interest method was applied for business combinations under common control for the earlier periods.

Financial statements of Parent company and its Subsidiaries, which are used while preparing the consolidated financial statements, should be prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. The result of disposals of a non-controlling interests being the difference between any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net asset is reflected in the statements of changes in equity. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

Non-controlling interests are derecognized when a subsidiary is sold or liquidated and profit or loss on derecognition is recorded in the consolidated statements of changes in equity.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Changes in accounting policy and disclosures

The Group's accounting policies are consistent with those applied in the prior reporting year. Some new standards and interpretations have become mandatory for adoption in the reporting period beginning on or after 1 January 2023. Applying of these standards and interpretations had not material impact on the financial statements:

IFRS 17 "Insurance Contracts";
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 – "Disclosure of Accounting Policies";
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – "Definition of Accounting Estimates";
Amendments to IAS 12 "Income Taxes" - "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction";
Amendments to IAS 12 "Income Taxes" - "Temporary Relief from Deferred Tax Accounting Following OECD Pillar Two Global Tax Reform";
Amendments to IFRS 17 "Insurance Contracts" - "Initial Application of IFRS 17 and IFRS 9 – Comparative Information".

The Group has not applied the following standards and interpretations, and amendments to them that have been issued but are not yet effective:

Amendments to IAS 1 "Presentation of Financial Statements" - "Classification of Liabilities as Current or Non-Current";
Amendments to IAS 1 "Presentation of Financial Statements" - "Non-Current Liabilities with Covenants";
Amendments to IFRS 16 "Leases" - "Lease Liability in a Sale and Leaseback Transactions";
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - "Disclosure of Supplier Finance Arrangements";
Amendments to IAS 21 "Effect of Changes in Exchange Rates" - "Lack of Exchangeability";
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contributions of Assets between an Investor and its Associate or Joint Venture";
Amendments to IFRS 9 and IFRS 7 – "Classification and Measurement of Financial Instruments";
IFRS 18 – "Presentation and Disclosure in Financial Statements";
IFRS 19 – "Subsidiaries without Public Accountability: Disclosures".

The Group anticipates that the adoption of these standards and amendments in future periods will have no material impact on its financial statements. The Group currently does not plan early application of the above standards and interpretations.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Currency translation

(a) Functional and presentation currency

All items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The national currency of Ukraine, Ukrainian Hryvnia ("UAH") is the functional currency for the Group's entities that operate in Ukraine. For the entities that operate in Cyprus and Luxembourg the functional currency is US dollar ("USD") and for the entities that operate in Poland the functional currency is Polish zloty (PLN). These consolidated financial statements are presented in thousands of US dollars, unless otherwise stated. Management selected USD as a presentation currency to satisfy expectations and needs of the Group's owners, as well as it is the common currency used for the valuation of the same businesses in Ukraine at both previous and current conditions.

(b) Foreign currency transactions

UAH to USD exchange rates used in the preparation of these consolidated financial statements were as follows:

| Date/period | UAH/USD |
|--|----------------|
| As of: | |
| - 30 June 2024 | 40.5374 |
| - 30 June 2023 | 36.5686 |
| Average for the: | |
| - three months ended 30 June 2024 | 39.8478 |
| - three months ended 31 March 2024 | 38.1727 |
| - three months ended 31 December 2023 | 36.5942 |
| - three months ended 30 September 2023 | 36.5686 |
| - three months ended 30 June 2023 | 36.5686 |
| - three months ended 31 March 2023 | 36.5686 |
| - three months ended 31 December 2022 | 36.5686 |
| - three months ended 30 September 2022 | 34.9787 |

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

PLN to USD exchange rates used in the preparation of these consolidated financial statements were as follows:

| Date/period | PLN/USD |
|---------------------------------------|---------|
| As of: | |
| - 30 June 2024 | 4.0320 |
| Average for the: | |
| - three months ended 30 June 2024 | 3.9952 |
| - three months ended 31 March 2024 | 3.9922 |
| - three months ended 31 December 2023 | 3.9214 |

(c) Translation into presentation currency

- all assets and liabilities, both monetary and non-monetary, are converted at closing exchange rates at the dates of each statement of financial position presented;
- income and expense items are converted at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used;
- all equity items are converted at the historical exchange rates;
- all resulting exchange differences are recognized as a separate component in other comprehensive income;
- in the consolidated statements of cash flows, cash balances at the beginning and end of each period presented are converted at exchange rates at the respective dates. All cash flows are converted at the average exchange rates for the periods presented. Resulting exchange differences are presented as the effect of conversion to the presentation currency.

3.2 Revenue from contracts with customers

The Group mines and sells coal commodities. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from rendering services is recognized based on the stage of work completion under each contract. When financial results can be measured reliably, revenue is recognized only to the extent of the amount of incurred charges, that can be recovered.

3.3 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income tax is recognized as an expense or income in profit and loss in the consolidated statements of comprehensive income, except when it relates to items recognized directly in other comprehensive income, or where they arise from the initial accounting for a business combination.

(a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to estimate the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Major renewals and improvements are capitalized, and the assets replaced are retired. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the item 'Other non-operating income (expenses)' in the statement of comprehensive income.

Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

| | |
|-----------------------------------|---------------|
| Underground mining | 15 - 50 years |
| Buildings and constructions | 5 - 50 years |
| Machinery, equipment and vehicles | 2 - 30 years |
| Other | 2 - 25 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Mine development costs are capitalized and classified as capital construction-in-progress. Mine development costs are transferred to mining assets when a new mine reaches commercial production quantities. Capital construction-in-progress comprises costs directly related to construction of buildings, infrastructure, machinery and equipment. Cost also includes finance charges capitalized during the construction period where such costs are financed by borrowings. Depreciation of these assets commences when the assets are put into operation

3.5 Lease

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low-value assets;
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate at commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favor of the Group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred;
- The amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied at lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment on specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Research costs are recognized as an expense as incurred. Costs incurred on development (relating to the design, construction and testing of new or improved devices, products, processes or systems) are recognized as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of adequate resources to complete the development, and the ability to measure reliably the expenditure during the development. Other development expenditures are recognized as an expense as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is charged on a straight-line basis over the following economic useful lives of these assets:

| | |
|---|--------------|
| Licenses, special permissions and patent rights | 5 - 20 years |
| Other intangible assets | 5 - 10 years |

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level.

3.8 Impairment of non-current assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the consolidated statements of comprehensive income.

3.9 Financial assets

Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Purchases or sales of financial assets that require delivery within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit or loss. This category includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.
- Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other receivables. Loans are financial assets arising as a result of provision of funds to borrowers.
- Held-to-maturity investments. Investments with fixed or determinable payments and fixed maturity that management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the reporting date, which are classified as current assets.
- Available-for-sale financial assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale financial assets are accounted at fair value through equity.

Subsequent to initial recognition, all financial assets at fair value through profit or loss and all available-for-sale instruments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Receivables are accounted for net realizable value, less the allowance for doubtful debts. The amount of allowance for doubtful debts is accounted for by using the method of total amount of doubtful debts.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables and loans issued where the carrying amount is reduced using an allowance for impairment. When a trade receivables or other loans issued is considered uncollectible, it is written off against the allowance. Based on the facts confirming that receivables or loans issued, previously recognized as doubtful, at the reporting date are not doubtful, the amount of previously charged reserve is reflected in income of the reporting period. Except for available-for-sale assets, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss reverses directly through profit and loss account. The reversal shall not result in a carrying amount of financial assets that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

When a decline in fair value of an available-for-sale investment has been recognized directly in other comprehensive income and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in other comprehensive income is removed from other comprehensive income and recognized in profit or loss in the consolidated statements of comprehensive income even though the investment has not been derecognized. Impairment losses previously recognized through profit or loss in the consolidated statements of comprehensive income are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

Derecognition of financial assets

The Group derecognizes financial assets when:

- the assets are redeemed or the rights to cash flows from the assets have otherwise expired;
- or the Group has transferred substantially all the risks and rewards of ownership of the assets;
- or the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.10 Financial liabilities

Initial recognition and measurement

The Group classifies its contractual obligations as financial liabilities at fair value through profit or loss, loans and borrowings. The Group classifies its financial liabilities at initial recognition. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

- (a) Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at initial recognition as liabilities at fair value through profit or loss;
- (b) Loans and borrowings. Loans and borrowings are financial liabilities that have been granted to the Group. Loans and borrowings are classified as current liabilities except when the Group has unconditional right to delay settlement of the obligation for at least for 12 months.

Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized through profit or loss.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventory is assigned by using the FIFO cost formula.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods includes costs of raw materials, direct labor and other direct production costs and related production overheads (based on normal operating capacity).

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined and makes an allowance for such inventories. If such situation occurred, the sum reducing the cost of inventories should be reflected in statements of comprehensive income. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

At the date of financial statements preparation, the Group estimates the balances of finished products to determine whether there is any evidence of impairment. The amount of impairment is measured based on the analysis of prices in the market of such inventories, existed at the reporting date and issued in official sources.

3.12 Value added tax

Value added tax (VAT) output equals the total amount of VAT collected within a reporting period and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received. Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid to tax authorities, is included into accounts receivable and payable, reflected in consolidated statements of financial position.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of six months or less.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.14 Share capital

Ordinary shares are classified as equity. Nominal value of share capital of Parent company is specified in Note 19.

3.15 Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

3.16 Defined benefits plan obligations

The Group contributes to the Ukrainian state pension scheme, social insurance and employment funds in respect of its employees. The Group's pension scheme contributions are expensed as incurred. The contributions are included in expenses for wages and salaries. Companies comprising the Group provide additional post-employment benefits to those employees who are engaged in the industry with particularly detrimental and oppressive conditions of work. Under the Ukrainian legislation employees engaged in hazardous industry may retire earlier than usual terms stipulated by Employee Retirement Income Security Law. The Group reimburses to the State Pension Fund all pension payments to be paid to the employees until usual statutory date of retirement. In addition, according to the legislation, the Group makes payments related to providing the employees with domestic fuel (coal). The Group recognizes the liabilities in amount of this payment.

The liability recognized in the statement of financial position in respect of post-employment benefits is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognized in the other comprehensive income statement in the period in which they occur.

3.17 Provisions

Provisions are recognized when the Group has legal or constructive obligations as the result of past event for which it is probable that an outflow of economic benefits can be required to settle the obligations, and the amount of the obligations can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Use of discounting results in recognition of financial expenses and increase in provision.

Management created provision for the payment of potential tax liabilities related to settlement of financial assets and liabilities. Though if the controlling authorities classify such transactions as a subject of taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.18 Environmental obligations

Environmental obligations include decommissioning and land restoration costs. The Group evaluates the provisions associated with ecological problems separately on every occasion taking into account the requirements of the relevant legislative acts.

Future decommissioning costs, discounted to net present value, are capitalized and the corresponding decommissioning obligations are raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the comprehensive income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

Provision for land restoration, representing the cost of restoring land damage after the commencement of commercial production, is estimated at the net present value of the expenditures expected to settle the obligation. Changes in provision and the unwinding of discount on land restoration are recognized in the consolidated statement of comprehensive income. Ongoing rehabilitation costs are expensed when incurred.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Remaining useful life of property, plant and equipment

Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and estimated period when these assets bring economic benefit to the Group.

The Group, however, continues to consolidate the relevant entities, as it retains legal ownership and control in accordance with IFRS 10.

Impairment of non-current assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs of sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the growth rate used for extrapolation purposes (coal price, sales volume) and to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefits plan obligations

For the purpose of estimation of defined benefit obligation, the projected unit credit method was used, which includes the determination of the discount rate, future salary increases, mortality rates and future pension increase rate. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high-quality government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates.

Environmental obligations

The Group's mining and processing activities are susceptible to various changes in environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements, terms of the license agreements and internally generated estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing of and the level of future taxable profits together with future tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position and results of operations may be negatively affected.

Expected credit losses measurement

Measurement of expected credit losses (ECL) is a significant estimate that involves determination methodology, models and data inputs. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is tightly connected with the development of significant judgments and estimates relating to the consequences of such future events.

5 INFORMATION ON OPERATING SEGMENTS

The group defines the following business segments that include goods and services distinguished by the level of risk and terms of income:

- mineral resource and processing industry — includes income from the sale of its own coal products and income from coal beneficiation;
- service activities - includes income from services rendered for coal mines;
- trade activity - includes income from sale of merchandises;
- other activities - includes income from the rendering of other works and services.

Management controls the results of operating segments separately for the purpose of decision-making about the allocation of resources and performance measurement. The results of segments are estimated based on profit/(loss) before tax.

Information about the segments of business for the year ended 30 June 2024:

| | Mineral resource and processing industry (Ukraine) | Service activity (Poland) | Other activity (Ukraine) | Total |
|--|--|------------------------------|-----------------------------|--------|
| Revenue | | | | |
| Sales to external customers | - | 2,466 | - | 2,466 |
| | - | 2,466 | - | 2,466 |
| Profit/(loss) before tax of the segment | - | 515 | (1,514) | (999) |
| Operational assets | - | 1,117 | 45 | 1,162 |
| Operational liabilities | 7,700 | 606 | 6,082 | 14,388 |
| Disclosure of other information | | | | |
| Capital expenditure | - | 18 | - | 18 |

The Group does not incur depreciation and amortization expenses or defined benefit plan obligations expenses. The Group does not have assets and liabilities that are not included in the above-mentioned business segments. The Group does not engage in any inter-segment operations.

Information about the segments of business for the year ended 30 June 2023:

| | Mineral resource and processing industry (Ukraine) | Trade activity (Ukraine) | Other activity (Ukraine) | Total |
|---|--|-----------------------------|-----------------------------|---------|
| Revenue | | | | |
| Sales to external customers | 760 | - | - | 760 |
| | 760 | - | - | 760 |
| Profit/(loss) before tax of the segment | - | 100 | (1,508) | (1,408) |
| Operational assets (before restatement) | 8,535 | - | 1,305 | 9,840 |
| Effect of restatement | (8,535) | - | - | (8,535) |
| Operational assets (restated) | - | - | 1,305 | 1,305 |
| Operational liabilities (before restatement) | 7,845 | - | 3,790 | 11,635 |
| Effect of restatement | 493 | - | 1,749 | 2,242 |
| Operational liabilities (restated) | 8,338 | - | 5,539 | 13,877 |

5 INFORMATION ON OPERATING SEGMENTS (continued)

All non-current assets of the Group are located in Ukraine.

The Group does not incur depreciation and amortization expenses or defined benefit plan obligations expenses, as well as has no capital expenditures. The Group does not have assets and liabilities that are not included in the above-mentioned business segments.

During the year ended 30 June 2024, revenue from two significant counterparties of the Group amounted USD 2,466 thousand (year ended 30 June 2023: null) arising from the services rendered and are presented in the Service activity segment.

6 REVENUE FROM SALES

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|-------------------------------------|-------------------------|---------------------------------------|
| Revenue from sale of finished goods | - | 760 |
| Revenue from services rendered | 2,466 | - |
| | 2,466 | 760 |

Services rendered are represented by mining works related to the reconstruction of existing third-party coal mines, installation of appropriate repair kits, works on strengthening of inclined planes, excavation of new lines and other mining works related to maintenance of coal mines.

Revenue is recognized when the Company satisfies a performance obligation under the contracts with customers. In accordance with the signed contracts, the Company performs mining works over time and agrees on the performed results with the customers mostly on a monthly basis in terms of the general scope of works agreed. The standard payment term of the signed contracts with customers is 30 days from the date of the issuing of the invoice.

Geographical disaggregation of revenue was presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---------|-------------------------|---------------------------------------|
| Ukraine | - | 760 |
| Poland | 2,466 | - |
| | 2,466 | 760 |

The following table provides information about balances resulting from contracts with customers:

| | 30 June 2024 (aging of receivables 30-60 Days) | 30 June 2023 (restated) |
|--|--|----------------------------|
| Trade receivables, gross | 536 | - |
| Advances received (contract liabilities) | - | - |

7 COST OF SALES

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Raw materials | (21) | (2) |
| Wages and salaries of operating personnel | (1,400) | (16) |
| Change in finished goods | - | (8) |
| Energy supply | - | (397) |
| Depreciation and amortization expenses | - | (149) |
| Subcontractors' services | (256) | (309) |
| Other expenses | (1) | (15) |
| | (1,678) | (896) |

8 GENERAL AND ADMINISTRATIVE EXPENSES

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|-------------------------|---------------------------------------|
| Subcontractors' services | (239) | (138) |
| Wages and salaries of administrative personnel | (219) | (16) |
| Taxes | (44) | (6) |
| Other expenses | (18) | (5) |
| | (520) | (165) |

9 OTHER OPERATING INCOME/(EXPENSES), NET

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Doubtful debts income/(expenses) | - | 58 |
| Accounts payable write-off | - | 340 |
| Gain/(loss) from operational exchange differences | (562) | (72) |
| Other operating income | - | 29 |
| | (562) | 355 |

10 FINANCE INCOME

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|-------------------------|---------------------------------------|
| Gain from non-operational exchange differences | 173 | 5 |
| Income from measurement of financial instruments at amortized cost | - | 5 |
| | 173 | 10 |

11 FINANCE EXPENSES

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|-------------------------|---------------------------------------|
| Loss from non-operational exchange differences | (26) | (761) |
| Expenses from measurement of financial instruments at amortized cost | (3) | (7) |
| Other finance expenses on loans restructure | (636) | - |
| | (665) | (768) |

The Group recognized USD 636 thousand of other finance expenses as part of the overdue fee on borrowing disclosed in Note 20.

12 INCOME TAX

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Current income tax | (988) | (1,749) |
| Deferred tax | - | (2) |
| Income tax benefit/(expenses) | (988) | (1,751) |
| Reconciliation of tax expense and the accounting profit: | | |
| Profit/(loss) before tax from continuing operations | (999) | (1,408) |
| Profit/(loss) before tax in Poland | 515 | - |
| Profit/(loss) before tax in Cyprus | (857) | (806) |
| Profit/(loss) before tax in Luxembourg | (787) | 124 |
| Profit/(loss) before tax in Ukraine | 130 | (726) |
| Theoretical income tax in Poland (19%) | (98) | - |
| Tax effect of permanent differences in Poland | (17) | - |
| Theoretical income tax in Cyprus (12,5%) | 107 | 101 |
| Tax effect of permanent differences in Cyprus | (980) | (1,850) |
| Theoretical income tax in Ukraine (18%) | (23) | 131 |
| Effect of non-recognized deferred tax assets in Ukraine | - | (133) |
| Tax effect of permanent differences in Ukraine | 23 | - |
| Income tax benefit/(expenses) | (988) | (1,751) |

The following corporate income taxes rates are applied to the Group's subsidiaries in respective jurisdictions: Ukraine – 18%, Poland – 19%, Cyprus – 12.5%, Luxembourg – is not a subject of income tax applied due to significant accumulated losses and is a subject of net wealth tax only.

During the reporting period, the Group completed statutory audits of Nertera Investments Limited for the years ended from 31 December 2019 till 31 December 2023. Tax computation made by the independent auditor led to revaluation of income tax payables of Nertera Investments Limited made by the Management to the actual one. Significant permanent tax adjustments related to deductibility of non-taxable expenses on impairment of receivables to ex-intragroup subsidiaries (located on the occupied territories and disposed out of the Group earlier).

Changes in income tax payables are presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|-------------------------|---------------------------------------|
| At the beginning of the year | 4,294 | 2,542 |
| Current income tax charge (restated) | 988 | 1,749 |
| Repayment | (99) | - |
| Effect of translation to presentation currency | (5) | 3 |
| At the end of the year | 5,178 | 4,294 |

Deferred tax assets and liabilities are measured at the income tax rates, which are expected to be applied in the periods when an asset is realized, or liability is calculated in accordance with the tax rates provided by the Tax Code.

12 INCOME TAX (continued)

| | 30 June 2022 | Recognized in profit/ (loss) | Discontinued operations (restated) | Disposal of subsidiary | Effect of currency translation | Derecognition (restated) | 30 June 2023 (restated) |
|--|-----------------|------------------------------------|--|---------------------------|--------------------------------------|-----------------------------|-------------------------------|
| Effect of temporary differences on deferred tax assets | | | | | | | |
| Intangible assets | 15 | - | - | (1) | (3) | (11) | - |
| Defined benefit plan obligations | 34 | - | - | 2 | (7) | (29) | - |
| Folded on individual Companies level | (49) | - | - | (1) | 10 | 40 | - |
| Total deferred tax assets | - | - | - | - | - | - | - |
| Effect of temporary differences on deferred tax liabilities | | | | | | | |
| Property, plant and equipment | (244) | (2) | (37) | 47 | 49 | 187 | - |
| Netting on subsidiary level | 49 | - | - | 1 | (10) | (40) | - |
| Total deferred tax liabilities | (195) | (2) | (37) | 48 | 39 | 147 | - |
| Net deferred tax asset/(liability) | (195) | (2) | (37) | 48 | 39 | 147 | - |

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

Events and conditions of military invasion, as disclosed in the Note 2 to these consolidated financial statements, forced the suspension of operating activity of the last Ukrainian coal mine – CwAL LE “Mine St.Matrona”. Since then, Management assessed the inability to restore any kinds of activity and disposal of this operation unit. As of 30 June 2024, Management determined that the criteria of IFRS 5 were met and therefore the assets and liabilities are measured at their fair value less cost of sales and classified CwAL LE “Mine St.Matrona” as disposal group held for sale. Its operations were accordingly reclassified as discontinued operations in these consolidated financial statements. During the year ended 30 June 2024, management committed a plan to sell CwAL LE “Mine St.Matrona”. Accordingly, net liabilities of the subsidiary were presented as a disposal group held for sale. Management expects to complete disposal of coal mine during the year ended 30 June 2025. Details of the disposal of CwAL LE “Mine St.Matrona” are disclosed in Note 32.

During the years ended 30 June 2024 and 30 June 2023, total comprehensive income/(loss) from discontinued operation was presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 |
|--|-------------------------|-------------------------|
| Revenue from sales | 3 | 4 |
| General and administrative expenses | (3) | (7) |
| Other operating income/(expenses), net | - | (821) |
| Recovery/(impairment) of financial assets | 82 | (630) |
| Idle capacity expenses | (23) | (322) |
| Other non-operating income/(expenses), net | (20) | (177) |
| Impairment loss recognised on the remeasurement to fair value less costs to sell | (43) | (8,535) |
| Finance income | 6 | - |
| Finance expenses | (145) | (153) |
| Profit/(loss) from discontinued operation before tax | (143) | (10,641) |
| Income tax benefit/(expenses), net | - | 110 |
| Profit/(loss) from discontinued operation, net of tax | (143) | (10,531) |
| Effect of currency translation from discontinued operation | 1,240 | 938 |
| Total other comprehensive income from discontinued operation | 1,240 | 938 |
| Total comprehensive income/(loss) from discontinued operation | 1,097 | (9,593) |

During the year ended 30 June 2023, the Company recognized impairment loss on the remeasurement to fair value less costs to sell amounting to USD 8,535 thousand, which was related to impairment of its property, plant and equipment (USD 3,778 thousand), right-of-use assets related to leased mining property, plant and equipment (USD 3,262 thousand) and inventory stocks (USD 1,495 thousand) due to the absence of physical control of these assets and the absence of ability to recover their value until the end of the military actions in the region. The Group, however, continues to consolidate the relevant entities, as it retains legal ownership and control in accordance with IFRS 10. The restatement of the financial statements as of 30 June 2023 due to this fact is disclosed in Note 31.

During the years ended 30 June 2024 and 30 June 2023, net cash flows from discontinued operation were presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Net cash flow from operating activity from discontinued operation | - | - |
| Net cash flow from investing activity from discontinued operation | - | - |
| Net cash flow from financial activity from discontinued operation | - | - |
| Net cash flow from discontinued operation | - | - |

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (continued)

As of 30 June 2024 and 30 June 2023, net liabilities directly associated with the disposal group held for sale were presented as follows:

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--|--------------|----------------------------|-------------|
| Property, plant and equipment | - | - | - |
| Right-of-use assets | - | - | - |
| Inventories | - | - | - |
| Total assets | - | - | - |
| Lease liabilities | 2,125 | 2,249 | - |
| Defined benefit obligation | 1,288 | 1,427 | - |
| Provisions | 918 | 971 | - |
| Trade and other payables | 1,941 | 2,127 | - |
| Other tax payables | 1,428 | 1,561 | - |
| Total liabilities | 7,700 | 8,335 | - |
| Net liabilities directly associated with the disposal group held for sale | 7,700 | 8,335 | - |

As of 30 June 2024 and 30 June 2023, the Company hold cumulative losses in form of currency translation reserve amounted USD 6,267 thousand and 7,721 thousand respectively.

Management assessed the inability to restore any form of activity at this site and determined that the disposal of this operation is the only feasible outcome. As of 30 June 2024, Management determined that the criteria of IFRS 5 were met and therefore classified CwAL LE 'Mine St. Matrona' as a disposal group held for sale. Its operations were accordingly reclassified as discontinued operations in these consolidated financial statements.

14 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

| | Year ended 30 June 2024 | | | Year ended 30 June 2023 (restated) | | |
|--|-------------------------|------------------------|-------------------|---------------------------------------|------------------------|-------------------|
| | Continuing operations | Discontinued operation | Total | Continuing operations | Discontinued operation | Total |
| Profit/(loss) attributable to ordinary equity holders of the parent: | (1,987) | (149) | (2,136) | (3,159) | (10,415) | (13,574) |
| Weighted average number of ordinary shares | 45,011,120 | 45,011,120 | 45,011,120 | 45,011,120 | 45,011,120 | 45,011,120 |
| Basic profit/(loss) per share attributable to ordinary equity holders of the parent: | (4.41) | (0.33) | (4.74) | (7.02) | (23.14) | (30.16) |

Basic profit/(loss) per ordinary share is equal to diluted profit/(loss) per ordinary share.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

15 PROPERTY, PLANT AND EQUIPMENT

| | Underground mining | Buildings and constructions | Machinery, equipment, vehicles | Other | Construction in progress | Total |
|---------------------------------|-----------------------|--------------------------------|--------------------------------------|-------------|-----------------------------|----------------|
| Historical cost | | | | | | |
| 30 June 2022 | 6,685 | 1,441 | 1,912 | 71 | 2,932 | 13,041 |
| Disposal of subsidiaries | (3,835) | (453) | (845) | (31) | (22) | (5,186) |
| Effect of currency translation | (1,337) | (288) | (383) | (14) | (587) | (2,609) |
| Impairment (restated) | (1,513) | (700) | (684) | (26) | (2,323) | (5,246) |
| 30 June 2023 (restated) | - | - | - | - | - | - |
| Additions | - | - | - | 18 | - | 18 |
| Effect of currency translation | - | - | - | - | - | - |
| 30 June 2024 | - | - | - | 18 | - | - |
| Accumulated depreciation | | | | | | |
| 30 June 2022 | (1,730) | (631) | (1,384) | (69) | - | (3,814) |
| Depreciation charge | (164) | (63) | (49) | - | - | (276) |
| Disposal of subsidiaries | 1,097 | 234 | 493 | 30 | - | 1,854 |
| Effect of currency translation | 349 | 127 | 278 | 14 | - | 768 |
| Impairment (restated) | 448 | 333 | 662 | 25 | - | 1,468 |
| 30 June 2023 (restated) | - | - | - | - | - | - |
| Depreciation charge | - | - | - | - | - | - |
| Effect of currency translation | - | - | - | - | - | - |
| 30 June 2024 | - | - | - | - | - | - |
| Net book value | | | | | | |
| 30 June 2022 | 4,955 | 810 | 528 | 2 | 2,932 | 9,227 |
| 30 June 2023 (restated) | - | - | - | - | - | - |
| 30 June 2024 | - | - | - | 18 | - | 18 |

During the preparation of these financial statements, the management of the Group reassessed the recoverable amount of the property, plant and equipment as of 30 June 2023 as zero due to the ongoing war actions nearby and resulted in suspended operation and recognized impairment loss on property, plant and equipment amounting to USD 3,778 thousand.

As of 30 June 2024 and 30 June 2023, property, plant and equipment were not pledged under loans agreements. During the years ended 30 June 2024 and 30 June 2023, there were no capitalized borrowing costs. During the years ended 30 June 2024 and 30 June 2023, there were no capitalized research and development costs. As of 30 June 2024 and 30 June 2023, there were no contractual commitments for property, plant and equipment of the Group.

16 INVENTORIES

During the preparation of these financial statements, the management of the Group reassessed net realize value of inventories as of 30 June 2023 as zero due to ongoing war actions nearby and resulted suspended operation and recognized impairment loss on inventories amounted USD 1,495 thousand. As of 30 June 2024 and 30 June 2023, loans were not secured by inventories.

17 TRADE AND OTHER RECEIVABLES

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|-------------------------------------|--------------|----------------------------|--------------|
| Trade receivables | 536 | - | 4,102 |
| ECL allowance for trade receivables | - | - | (2,124) |
| Other receivables | 26 | 1,300 | 4,969 |
| ECL allowance for other receivables | - | - | (4,969) |
| | 562 | 1,300 | 1,978 |

As of 30 June 2024 and 30 June 2023, loans were not secured by trade and other receivables.

Changes in allowance for trade and other receivable are presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Balance as of the beginning of the year | - | (7,093) |
| (Accrual)/reverse | - | (1,273) |
| Disposal of subsidiaries | - | 748 |
| Effect of currency translation | - | 1,218 |
| Reclassification to disposal group held for sale (restated) | - | 6,400 |
| Balance as of the end of the year | - | - |

As of 30 June 2024, breakdown (ageing) of trade receivables estimated total gross amount at default (equal to gross carrying amount), probability of default and loss allowance (lifetime ECL) is presented as follows:

17 TRADE AND OTHER RECEIVABLES (continued)

| | Not overdue | Overdue more than 360 days | Total |
|-------------------------------------|-------------|----------------------------|-------|
| Trade receivables | 536 | - | 536 |
| Weighted average ECL rate | - | 100% | - |
| ECL allowance for trade receivables | - | - | - |

As of 30 June 2023, breakdown (ageing) of trade receivables estimated total gross amount at default (equal to gross carrying amount), probability of default and loss allowance (lifetime ECL) is presented as follows:

| | Not overdue | Overdue more than 360 days | Total |
|-------------------------------------|-------------|----------------------------|-------|
| Trade receivables | - | - | - |
| Weighted average ECL rate | - | 100% | 100% |
| ECL allowance for trade receivables | - | - | - |

18 CASH AND CASH EQUIVALENTS

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--------------|--------------|----------------------------|-------------|
| Cash in bank | 455 | 5 | 2 |
| Cash in hand | 41 | - | 1 |
| Other cash | 29 | - | - |
| | 525 | 5 | 3 |

As of 30 June 2024 and 30 June 2023, loans were not secured by cash and cash equivalents. As of 30 June 2024 and 30 June 2023, there were no cash and cash equivalents restricted in use.

19 SHARE CAPITAL

| | 30 June 2024 | | 30 June 2023 (restated) | | 1 July 2022 | |
|----------------------------|---------------|------------|----------------------------|------------|---------------|------------|
| | % | Amount | % | Amount | % | Amount |
| Lycaste Holding Limited * | 60.15 | 271 | 60.15 | 271 | 60.15 | 271 |
| Free float | 25.00 | 112 | 25.00 | 112 | 25.00 | 112 |
| Management of subsidiaries | 14.85 | 67 | 14.85 | 67 | 14.85 | 67 |
| | 100.00 | 450 | 100.00 | 450 | 100.00 | 450 |

During the years ending 30 June 2024 and 30 June 2023, the number of shares has remained unchanged.

20 LOANS AND BORROWINGS

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--------------------|--------------|----------------------------|-------------|
| Current borrowings | 529 | 864 | 864 |
| Notes issued | - | - | 70 |
| | 529 | 864 | 934 |

As of 30 June 2024 and 30 June 2023, current borrowings consist of interest-free loans from «Financial Company Altares Finance» LLC, repayable on demand. These borrowings originated from the restructuring of a previously received loan from EBRD, which was restructured during the year ended 30 June 2021, transferring the claim rights for the residual debt to «Financial Company Altares Finance» LLC.

21 LEASE

Lease liabilities

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|-------------------|--------------|----------------------------|--------------|
| Due within 1 year | - | - | 409 |
| From 2 to 5 years | - | - | 1,066 |
| More than 5 years | - | - | 1,019 |
| | - | - | 2,494 |

As of 30 June 2024 and 30 June 2023, lease liabilities amounted were reclassified as liabilities directly associated with the assets held for sale.

21 LEASE (continued)

Changes in lease liabilities are presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Balance as of the beginning of the year | - | 2,494 |
| Remeasurement | - | 255 |
| Effect of currency translation | - | (500) |
| Reclassification to disposal group held for sale (restated) | - | (2,249) |
| Balance as of the end of the year | - | - |

Right-of-use assets

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Balance as of the beginning of the year | - | 3,974 |
| Remeasurement | - | 255 |
| Disposal | - | (5) |
| Depreciation charge | - | (169) |
| Effect of currency translation | - | (793) |
| Impairment (restated) | - | (3,262) |
| Balance as of the end of the year | - | - |

Details of impairment reasons are disclosed in Note 13 to these consolidate financial statements.

22 DEFINED BENEFIT OBLIGATIONS

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--|--------------|----------------------------|-------------|
| Discounted further retirement benefits | - | - | 623 |
| Current liabilities to statutory fund | - | - | 1,197 |
| | - | - | 1,820 |

As of 30 June 2024 and 30 June 2023, defined benefit obligations were reclassified as liabilities directly associated with the assets held for sale.

Changes in defined benefit obligations are presented as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Balance as of the beginning of the year | - | 1,820 |
| Disposal of subsidiaries | - | (188) |
| Effect of currency translation | - | (205) |
| Reclassification to disposal group held for sale (restated) | - | (1,427) |
| Balance as of the end of the year | - | - |

23 PROVISIONS

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--------------------------------|--------------|----------------------------|-------------|
| Provision for land restoration | - | - | 1,024 |
| Dismantling provision | - | - | 18 |
| | - | - | 1,042 |

The Group liabilities, connected with environmental restoration, notably decommission of property, plant and equipment and land restoration under waste dumps. Estimation of liability bases on estimated prices of decommissions of property, plant and equipment and land restoration under waste dumps procedures. Discount rate used by the Group is 18%.

In the previous years, the Group's liabilities related to environmental restoration include the decommissioning of property, plant, and equipment, as well as land restoration under waste dumps has been estimated based on a discount rate used by the Group of 18%.

As of 30 June 2024, provisions were reclassified as liabilities directly associated with the assets held for sale.

23 PROVISIONS (continued)

Changes in provisions are presented as follows:

| | Provision for land restoration | Dismantling provision | Total |
|---|-----------------------------------|--------------------------|--------------|
| 30 June 2022 | 1,024 | 18 | 1,042 |
| Unwinding of discount | 153 | 1 | 154 |
| Disposal of subsidiaries | - | (16) | (16) |
| Effect of currency translation | (206) | (3) | (209) |
| Reclassification to disposal group held for sale (restated) | (971) | - | (971) |
| 30 June 2023 (restated) | - | - | - |
| Unwinding of discount | - | - | - |
| Effect of currency translation | - | - | - |
| 30 June 2024 | - | - | - |

24 TRADE AND OTHER PAYABLES

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|---------------------------------|--------------|----------------------------|--------------|
| Financial payables | | | |
| Trade payables | 154 | 70 | 3,592 |
| Other payables | 338 | 305 | 1,059 |
| | 492 | 375 | 4,651 |
| Non-financial payables | | | |
| Payables for unused vacations | - | - | 27 |
| Payables for wages and salaries | 148 | 9 | 969 |
| Advances received | - | - | 51 |
| | 148 | 9 | 1,047 |
| | 640 | 384 | 5,698 |

As of 30 June 2024 and 30 June 2023, trade and other payables held by CwAL LE "Mine St.Matrona" were reclassified as liabilities directly associated with the assets held for sale.

25 TAXES PAYABLE

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|--|--------------|----------------------------|--------------|
| VAT payable | 62 | - | 648 |
| Payable for wages and salaries related taxes | 275 | - | 623 |
| Payables for other taxes | 4 | - | 426 |
| | 341 | - | 1,697 |

As of 30 June 2024 and 30 June 2023, other tax payables held by CwAL LE "Mine St.Matrona" were reclassified as liabilities directly associated with the assets held for sale.

26 TRANSACTIONS WITH RELATED PARTIES

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:

- Entities - related parties under common control with the Companies of the Group;
- Entities - related parties, which have joint key management personnel with the Companies of the Group.

Ultimate controlling party is Mr. Vyshnevetsky V.

The sales of finished goods, merchandises and rendering of the services to related parties are made at terms equivalent to those that prevail in arm's length transactions on market price basis. Provision of loans and operations with notes are made at terms different from the transactions with independent parties. Transactions between related parties attributable to the second category are occasional.

There were no such transactions with related parties in reporting periods.

Details of balances with related parties under common control with the Group are presented as follows:

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|---------------------------------|--------------|----------------------------|--------------|
| Loans issued | 13 | - | - |
| Notes issued | - | - | 152 |
| Other receivables | - | - | 1,236 |
| Allowance for other receivables | - | - | (1,236) |
| Notes received | - | - | 70 |
| Other payables | 225 | 246 | 298 |
| Trade payables | 104 | 3 | 3 |
| Total | (316) | (249) | (219) |

26 TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration of key management personnel

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|---|-------------------------|---------------------------------------|
| Wages and salaries | 78 | 1 |
| Contribution to Pension Fund and other social taxes | 16 | - |
| | 94 | 1 |
| The average number of key management personnel, persons | 6 | 6 |

During the years ended 30 June 2024 and 30 June 2023, there were no other benefits to key management personnel except above listed.

Remuneration of personnel

| | Year ended 30 June 2024 | Year ended 30 June 2023 (restated) |
|--|-------------------------|---------------------------------------|
| Wages and salaries of operating personnel | 1,400 | 16 |
| Wages and salaries of administrative personnel | 222 | 15 |
| Wages and salaries of personnel for discontinued operation | 22 | 18 |
| | 1,644 | 49 |
| The average number of employees, persons | 100 | 47 |

27 FINANCIAL RISKS MANAGEMENT

Operating environment

The operations and earnings of the Group are affected by political, legislative, fiscal and regulatory developments. It is not possible to predict the nature and frequency of these developments, or to assess their potential impact on the Group's future operations and financial performance.

Due to continued war actions in Ukraine, the maximum potential damage to the Group's assets and operations cannot be reliably estimated.

The Group carries out its main activities in Poland, where certain environmental and compliance risks may arise. Management maintains ongoing communication with tax, legal and accounting advisors to ensure full compliance with the applicable laws and regulations in Poland.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance of the Group. Risks are managed centrally.

This note presents information about the Group's exposure to each type of risks, objectives of risk management, policies and procedures of assessment and management, as well as approaches to capital management. Additional qualitative and quantitative information are disclosed through the overall consolidated financial statements.

Credit risk

Credit risk is a risk of financial loss to the Group, which results from the failure of a buyer or a contractor under the financial instrument to fulfill its contractual obligations. Credit risk arises from cash and cash equivalents, deposits in banks as well as credit exposures to customers, including outstanding receivables.

Financial assets are subject to the credit risk of the Group. Management of the Group assesses the credit risk as for financial assets on an annual basis considering counterparties' financial position, credit reputation, background cooperation and other factors.

The Group recognizes an allowance for receivables to secure trade and other receivables. The Group's Management performs monitoring of the payback period. In case of delay in payment, the reasons are clarified, and the decision whether to implement a sanction or provide a short time delay of payment is made. It should be noted that the average delay period in payment for the main debtors is 90 days.

The maximum exposure to credit risk at the reporting date is limited to the carrying amount of financial assets. The Group considers the concentration of risk on trade and other receivables to be high.

The Group's activity implies that most trade receivables are from wholesale customers.

27 FINANCIAL RISKS MANAGEMENT (continued)

The gross amount of financial assets representing the Group's maximum exposure to credit risk is as follows:

| | 30 June 2024 | 30 June 2023 (restated) | 1 July 2022 |
|-------------------|--------------|----------------------------|--------------|
| Trade receivables | 536 | - | 4,102 |
| Other receivables | 26 | 1,300 | 4,969 |
| Loans issued | 13 | - | 720 |
| Notes issued | - | - | 152 |
| Cash in bank | 455 | 5 | 2 |
| Other cash | 29 | - | - |
| | 1,059 | 1,305 | 9,945 |

As of 30 June 2024, trade accounts receivable amounted to USD 526 thousand, being 98% of the net trade receivables, are concentrated in 2 customers.

For general evaluation of potential customers, the Group assesses the ratings of companies based on public information (if any) from all available sources of information, as well previous experience of business partnership with counterparties is taken for evaluation purposes. Apart from the general evaluation made by management, there is an approval procedure which each potential customer must follow. Customer reliability is evaluated and approved by the following departments: sales department, financial department and legal department.

As a result of evaluation procedures, the approval sheet is completed with signoffs and comments if any of all stated above departments.

After Management's approval and clarifications of all responsible departments' comments, the approval sheet is completed. Following the completion of the approval sheet, the department which initiated cooperation with the counterparty is entitled to sign an agreement.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity management lies in providing, as much as possible, permanent availability of liquid funds, sufficient for the repayment of liabilities on time, not allowing losses and not exposing Group to risk. Liquidity risk management implies maintaining the availability of funding through an adequate amount of committed credit facilities. Management regularly analyzes the terms of settlement of obligations and receipts from financial assets, and monitors the expected cash flows from operating activities.

As of 30 June 2024 and 30 June 2023, loans and borrowings, as well as financial trade and other payables, have a maturity of less than 1 year, so their carrying amount is equal to expected cash flows.

Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables. The Group is mainly exposed to foreign currency risk and interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency). Such transactions are carried out in PLN, USD and rarely in EUR. The Group's exposure to foreign currency changes in all other currencies is not material.

The carrying amounts of the Group's financial assets and liabilities as of 30 June 2024 are presented as follows:

| | USD | EUR | PLN | UAH | Total |
|------------------------------|-------|-------|-------|------|-------|
| Financial assets | | | | | |
| Loans issued | - | - | 13 | - | 13 |
| Trade and other receivables | - | - | 557 | 5 | 562 |
| Cash and cash equivalents | - | 1 | 523 | 1 | 525 |
| | - | 1 | 1,093 | 6 | 1,100 |
| Financial liabilities | | | | | |
| Loans and borrowings | 500 | - | 29 | - | 529 |
| Trade and other payables | 15 | 365 | 78 | 34 | 492 |
| | 515 | 365 | 107 | 34 | 1,021 |
| Net position | (515) | (364) | 986 | (28) | 79 |

27 FINANCIAL RISKS MANAGEMENT (continued)

The carrying amounts of the Group's financial assets and liabilities as of 30 June 2023 (restated) are presented as follows:

| | USD | EUR | PLN | UAH | Total |
|------------------------------|-------|-------|-----|-------|-------|
| Financial assets | | | | | |
| Trade and other receivables | - | - | - | 1,300 | 1,300 |
| Cash and cash equivalents | - | 5 | - | - | 5 |
| | - | 5 | - | 1,300 | 1,305 |
| Financial liabilities | | | | | |
| Loans and borrowings | 864 | - | - | - | 864 |
| Trade and other payables | 12 | 322 | 3 | 38 | 375 |
| | 876 | 322 | 3 | 38 | 1,239 |
| Net position | (876) | (317) | (3) | 1,262 | 66 |

Sensitivity to a reasonably possible change in exchange rates is presented as follows:

| | Increase /(decrease) in exchange rates | Effect on profit before tax |
|--------------|---|--------------------------------|
| USD | | |
| 30 June 2024 | +10%/(5%) | (52)/26 |
| 30 June 2023 | +20%/(5%) | (175)/44 |
| EUR | | |
| 30 June 2024 | +10%/(5%) | (36)/18 |
| 30 June 2023 | +20%/(5%) | (63)/16 |
| PLN | | |
| 30 June 2024 | +10%/(5%) | 99/(49) |
| 30 June 2023 | +20%/(5%) | (1)/- |

Interest rate risk

The Group is not exposed to interest rate risk, as it does not have floating-rate borrowings.

Financial instruments by categories

As of 30 June 2024, the following accounting policies have been applied to the financial instruments:

| | Financial assets at fair value through other comprehensive income | Financial assets at fair value through profit loss | Financial assets at amortized cost | Total |
|------------------------------|---|--|--|-------|
| Financial assets | | | | |
| Loans issued | - | - | 13 | 13 |
| Trade and other receivables | - | - | 562 | 562 |
| Cash and cash equivalents | - | - | 525 | 525 |
| Financial liabilities | | | | |
| Loans and borrowings | - | - | 529 | 529 |
| Trade and other payables | - | - | 492 | 492 |

As of 30 June 2023 (restated), the following accounting policies have been applied to the financial instruments:

| | Financial assets at fair value through other comprehensive income | Financial assets at fair value through profit loss | Financial assets at amortized cost | Total (restated) |
|------------------------------|---|--|--|---------------------|
| Financial assets | | | | |
| Loans issued | - | - | - | - |
| Trade and other receivables | - | - | 1,300 | 1,300 |
| Cash and cash equivalents | - | - | 5 | 5 |
| Financial liabilities | | | | |
| Loans and borrowings | - | - | 864 | 864 |
| Trade and other payables | - | - | 375 | 375 |

27 FINANCIAL RISKS MANAGEMENT (continued)

Set out below is a comparison by category of carrying amounts and fair values of financial instruments:

| | Carrying amount | | Fair value | |
|------------------------------|-----------------|----------------------------|--------------|----------------------------|
| | 30 June 2024 | 30 June 2023 (restated) | 30 June 2024 | 30 June 2023 (restated) |
| Financial assets | | | | |
| Loans issued | 13 | - | 13 | - |
| Trade and other receivables | 562 | 1,300 | 562 | 1,300 |
| Cash and cash equivalents | 525 | 5 | 525 | 5 |
| Financial liabilities | | | | |
| Loans and borrowings | 529 | 864 | 529 | 864 |
| Trade and other payables | 492 | 375 | 492 | 375 |

Cash and cash equivalents, trade receivables, and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Receivables are evaluated by the Group based on individual creditworthiness. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As of each reporting date, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values. The fair value of unquoted instruments, loans from banks, long-term promissory notes issued, obligations under finance leases, as well as other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

28 CONTINGENT ASSETS AND LIABILITIES

As of the date of the presentation of the financial statements, the Group is not involved in any legal processes that could have a material impact on its financial position.

29 ACQUISITIONS OF SUBSIDIARIES

As of 15 December 2023, the Group acquired a new subsidiary – Ukrmineral Trading LLC with the primary purpose of obtaining licenses for the mining of mineral resources in Ukraine.

As of 21 December 2023, the Group acquired a new subsidiary – Advanced Industrial Technologies Sp. z.o.o. with the primary purpose of providing underground mining services to coal mines in Poland.

Details of the above-mentioned acquisitions are presented as follows.

| | Ukrmineral Trading LLC | Advanced Industrial Technologies LLC | Total |
|--|---------------------------|---|------------|
| Inventories | - | 2 | 2 |
| Trade and other receivables | - | 358 | 358 |
| Other tax receivables | - | 8 | 8 |
| Cash and cash equivalents | 1 | 494 | 495 |
| Loans and borrowings | - | (37) | (37) |
| Trade and other payables | - | (64) | (64) |
| Other tax payables | - | (389) | (389) |
| Net assets at the date of acquisition | 1 | 372 | 373 |
| Effective ownership ratio, % | 100.00 | 100.00 | 100.00 |
| Non-controlling interests | - | - | - |
| Fair value of consideration | 1 | 319 | (320) |
| Profit/(loss) from acquisition | - | 53 | 53 |
| Cash paid as consideration | (1) | - | (1) |
| Total cash flow from acquisition | - | 494 | 494 |

30 DISPOSALS OF SUBSIDIARIES

As of 4 July 2023, Coal Energy Trading Limited was dissolved. Net assets and results from disposals are presented as follows:

| | Coal Energy Trading Limited | Total |
|---|--------------------------------|---------------|
| Non-current financial assets | 7,959 | 7,959 |
| Trade and other receivables | 6,179 | 6,179 |
| Net assets at the date of disposal | 14,138 | 14,138 |
| Effective ownership ratio, % | 100.00 | 100.00 |
| Non-controlling interests | - | - |
| Payables to disposed subsidiaries | 14,138 | 14,138 |
| Fair value of consideration received | - | - |
| Profit/(loss) from disposal | - | - |

30 DISPOSALS OF SUBSIDIARIES (continued)

As of 22 December 2022, the Group sold 79.92% of shares in Tekhinovatsiya LLC a consideration amounting to USD 1,300 thousand and Tekhinovatsiya LLC was disposed of from the Group. As of 30 June 2021, C.E.C. Coal Energy Cyprus Limited was dissolved. Net assets and results from disposals are presented as follows:

| | C.E.C. Coal Energy Cyprus Limited | Tekhinovatsiya LLC | Total |
|---|--------------------------------------|-----------------------|----------------|
| Property, plant and equipment | - | 3,332 | 3,332 |
| Intangible assets | - | 76 | 76 |
| Non-current financial assets | - | 127 | 127 |
| Inventories | - | 162 | 162 |
| Trade and other receivables | 113 | 716 | 829 |
| Other taxes receivable | - | 513 | 513 |
| Non-current defined benefit obligation | - | (188) | (188) |
| Non-current provisions | - | (16) | (16) |
| Deferred tax liabilities | - | (48) | (48) |
| Current loans and borrowings | - | (62) | (62) |
| Trade and other payables | - | (5,966) | (5,966) |
| Other tax payables | - | (410) | (410) |
| Net assets at the date of disposal | 113 | (1,764) | (1,651) |
| Effective ownership ratio, % | 100.00 | 99.92 | n/a |
| Non-controlling interests | - | 1 | 1 |
| Receivables to disposed subsidiaries | - | (3,465) | (3,465) |
| Payables to disposed subsidiaries | 113 | - | 113 |
| Fair value of consideration received | - | 1,300 | 1,300 |
| Reclassification of currency translation reserve of disposed subsidiaries | - | 335 | 335 |
| Profit/(loss) from disposal | - | (65) | (65) |

31 ADJUSTMENTS OF MISSTATEMENTS AND CHANGES IN PRESENTATION AND DISCLOSURES

The financial statements for the year ended 30 June 2022 and 30 June 2023 have been restated due to misstatements that were identified. As a result, the comparative and opening balances have been restated accordingly.

The impact of such misstatements on the statement of financial position as of 30 June 2023 is presented below:

| | Description | 30 June 2023 (restated) | Adjustments | 30 June 2023 (as previously presented) |
|--|-------------|----------------------------|-------------|--|
| Property, plant and equipment | a | - | (3,778) | 3,778 |
| Right-of-use assets | a | - | (3,262) | 3,262 |
| Inventories | a | - | (1,495) | 1,495 |
| Retained earnings | g | (82,650) | (78,231) | (4,419) |
| Currency translation reserve | g | (899) | 74,366 | (75,265) |
| Currency translation reserve related to operations held for sale | g | (6,822) | (6,822) | - |
| Non-controlling interest | g | (229) | (90) | (139) |
| Deferred tax liabilities | b | - | (147) | 147 |
| Non-current lease liabilities | f | - | (2,248) | 2,248 |
| Non-current defined benefit obligation | f | - | (477) | 477 |
| Non-current provisions | f | - | (971) | 971 |
| Current lease liabilities | f | - | (1) | 1 |
| Current defined benefit obligation | f | - | (950) | 950 |
| Trade and other payables | c,f | 384 | (1,850) | 2,234 |
| Income tax payables | d | 4,294 | 1,749 | 2,545 |
| Other tax payables | e | - | (1,198) | 1,198 |
| Liabilities directly associated with the assets held for sale | f | 8,335 | 8,335 | - |

The impact of such misstatements on the statement of financial position as of 1 July 2022 is presented below:

| | Description | 1 July 2022 (restated) | Adjustments | 1 July 2022 (as previously presented) |
|------------------------------|-------------|------------------------|-------------|---|
| Retained earnings | g | (69,076) | (67,544) | (1,532) |
| Currency translation reserve | g | (6,358) | 67,544 | (73,902) |

31 ADJUSTMENTS OF MISSTATEMENTS AND CHANGES IN PRESENTATION AND DISCLOSURES (continued)

The impact of misstatements on the statement of profit or loss and other comprehensive income for the year ended 30 June 2023 is presented below:

| | Description | Year ended 30 June 2023 | Adjustments | Year ended 30 June 2023 (as previously presented) |
|--|-------------|----------------------------|-------------|--|
| Revenue | f | 760 | (4) | 764 |
| General and administrative expenses | f | (165) | 7 | (172) |
| Other operating income/(expenses), net | f | 355 | 181 | 174 |
| Recovery/(impairment) of financial assets | f | (643) | 630 | (1,273) |
| Idle capacity expenses | f | - | 322 | (322) |
| Other non-operating income/(expenses), net | f | 4 | 177 | (173) |
| Finance expenses | f | (768) | 153 | (921) |
| Income tax benefit/(expenses), net | e | (1,751) | (1,712) | (39) |
| Profit/(loss) from discontinued operation, net of tax | a,b,c,d,f | (10,531) | (10,531) | - |
| Effect of currency translation | f | (1,950) | (938) | (1,012) |
| Effect of currency translation from discontinued operation | f | 938 | 938 | - |

a) Management of the Group reassessed carrying amounts of its physical assets located in Toretsk city (property, plant and equipment, right-of-use assets and inventories) as of 30 June 2023 as zero due to ongoing war actions nearby and resulted suspended operation with respective impairment of above-mentioned assets amounting to USD 8,535 thousand. The circumstances that led to the impairment exist already in the prior year. As CwAL LE "Mine St.Matrona" has been classified at as held for sale, the assets and liabilities has also been measured at their fair value less cost of sales for the year ended 30 June 2023.

b) In the prior period, deferred tax assets and liabilities were recognized; however, this recognition was not appropriate under IAS 12, as the Group did not have reliable forecasts of future taxable profits within a reasonably estimable timeframe. As a result, the recognition did not meet the criteria set out in IAS 12. The financial statements for the year ended 30 June 2023 have been therefore restated.

c) Management has restated the opening balances to recognize a provision amounting to USD 271 thousand for lawsuit #911/4610/15 (905/996/21) against State company "Regionalny elektrichny merezhy" due to violation of the repayment terms and that criteria to be recognized existed already in the previous year. The provision covers accrued court expenses, inflation losses and penalties.

d) Management of the Group reassessed the impact of the VAT liabilities incurred in relation to the impairment of prepayments made with the respective recognition of VAT payables in accordance with the Ukrainian tax legislation and accrued other tax payables amounting to USD 369 thousand.

e) During the reporting period, the Group completed statutory audits of Nertera Investments Limited for the years ended from 31 December 2019 till 31 December 2023. The tax computation made by the independent auditor led to revaluation of income tax payables of Nertera Investments Limited by the Management to the actual amount, and an accrual amounting to USD 1,749 thousand were adjusted in the comparative figures of the consolidated financial statements as the facts and circumstances leading to such adjusted existed already in the previous year.

f) The rest of the changes in profit or loss and other comprehensive income are related to the reclassification of the financial results of CwAL LE "Mine St.Matrona" to discontinued operations.

g) Management of the Group reassessed the currency translation reserve related to the Group subsidiaries that were disposed of the Group before 1 July 2022 and reclassified accordingly overstatement of the reserve to the retained earnings as of 1 July 2022.

32 SUBSEQUENT EVENTS

As of 17 July 2024, the Group transferred its 100% shares in Advanced Industrial Technologies Sp. z.o.o. from the ownership by Ukrmineral Trading LLC directly to the Coal Energy S.A.

As of 13 January 2025, the Company signed a facility agreement for obtaining EUR 300 thousand of borrowing from non-related party. As of 21 February 2025, the amount of borrowing has been increased up to EUR 500 thousand.

On 18 March 2025, the Group disposed of its entire interest in Ukrmineral Trading LLC (100%) and CwAL LE "Mine St. Matrona" (99%) for a total consideration of USD 1 thousand. As part of the transaction, the acquirer assumed all liabilities associated with these two entities. Consequently, in 2025, the Group will recognize an increase of approximately USD 7.7 million in equity attributable to the equity holders of the parent in the consolidated financial statements for the year ended 30 June 2025.

As of May 2025, the Group is an advanced process to sell its subsidiary Nertera Investments Limited.

According to the management's opinion, there have been no events after the closing date, except for those disclosed above and known to management that would substantially influence the financial standing of the Group.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Coal Energy S.A.
33 Rue du Puits Romain
L-8070 Bertrange

Report on the Audit of the Consolidated Financial Statements

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Coal Energy S.A. (the "Group") and its subsidiaries which comprise the consolidated statement of financial position as at 30 June 2024 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

Limitations on subsidiary information due to ongoing conflicts in Ukraine

As detailed in Notes 2.3 to the consolidated financial statements, the Group lost access to all related physical assets and facilities, documents, and other information of its subsidiary CwAL LE 'Mine St. Matrona' located in Ukraine, as a result of the ongoing conflict in the region.

Liabilities totaling USD 7,700 thousand, directly associated with CwAL LE 'Mine St. Matrona', including balances of defined benefit obligations, provisions, trade and other payables, and other tax payables, were classified as held for sale as of 30 June 2024.

Due to the limitations in audit scope resulting from the ongoing warfare and lack of access to financial information and supporting documents, we were unable to perform the necessary procedures to verify the extent of loss from discontinued operations for the year ended 30 June 2024 and to assess the liabilities associated with assets held for sale. Accordingly, we were unable to determine whether any adjustments to these amounts were necessary.

Unaudited opening balance

The consolidated financial statements for the year ended 30 June 2023 were not audited. Consequently, it was not possible to obtain sufficient audit evidence regarding the opening balances of as of 1 July 2023 and the corresponding figures presented in the consolidated financial statements.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2.3 to the consolidated financial statements, which indicate that the Group incurred a net loss from continuing operations of USD 1,987 thousand during the year ended 30 June 2024 and has significant liabilities related to two components, one of which has been disposed after the year end. Furthermore, the Group has negative equity of USD 13,025 thousand attributable to shareholders of the parent as of 30 June 2024. As stated in Note 2.3, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the audit of the consolidated financial statements as a whole.

As mentioned in the Basis for Disclaimer of Opinion section of our report, through our procedures we did not obtain sufficient appropriate evidence to provide a basis for an audit opinion on these consolidated financial statements.

Responsibilities of the Management Board and those charged with governance for the Consolidated Financial Statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charges with governance are responsible for overseeing the Group's financial reporting process.

The Management Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the “Réviseur d’Entreprises Agréé” for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group’s consolidated financial statements in accordance with the EU regulation N°537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISA) as adopted for Luxembourg by the “*Commission de Surveillance du Secteur Financier*” (CSSF) and to issue an auditor’s report. Our responsibility is also to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements.

Report on Other Legal and Regulatory Requirements

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of Shareholders on 31 July 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

Because of the matter described in the Basis for disclaimer of opinion section of our report, we do not report on whether the consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, included in the consolidated management report, is the responsibility of the Board. Because of the significance of the matter described in the Basis of disclaimer of opinion section of our report, we do not report on whether the information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that our disclaimer of opinion is consistent with the additional report to those charged with governance.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Our audit report only refers to the consolidated financial statements of Coal Energy S.A. as at 30 June 2024, prepared under the XHTML format and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 2 June 2025

PKF Audit & Conseil Sàrl
Cabinet de révision agréé

DocuSigned by:

AA483A15CF014CD...
Jean Medernach